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Feature Article - International Comparison of Balance of Payments Statistics

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There are two frequently used methods of comparing balance of payments statistics of different countries.

The first method compares the absolute size of certain key balance of payments aggregates for selected countries over time. This comparison allows analysis of the absolute size and trends in the direction of key aggregates. The method involves converting the relevant aggregates for each country from the unit of currency in which the data are normally presented, into a chosen common unit of account. This is done by use of a particular currency (often the US dollar) or a chosen weighted average of foreign currencies (often the Special Drawing Right).

The second method expresses each country's aggregates as proportions of its gross domestic product (GDP) or gross national product (GNP). These ratios place the country's balance of payments developments in the context of the size of the country's economic activity. This is a comparison in domestic currency terms; movements over time in the ratios may in part be affected by differences in the impact of exchange rate variations on the numerator and denominator series.

Care should always be exercised in the use and interpretation of international statistical comparisons. An important qualification is that, despite the fact that countries tend to follow international recommendations for the compilation of balance of payments statistics, differences still occur between countries in concepts, coverage, data sources and collection methods. For example, a significant coverage difference occurs when comparing current account balances because most countries (including Australia) follow the international recommendation that reinvested earnings should be included in the statistics, while some countries do not.

Current account balances in US dollars for selected countries

Table F1 shows both the current account balance, and that balance as a proportion of GDP, for Australia and nine of its trading partners for the last 15 calendar years. These balances have been converted into US dollars at period average exchange rates. The current account deficit for Australia is presented for calendar year 1999 for purposes of comparison with other countries' data, whereas the statistics for Australia in the rest of this publication are presented on a fiscal year end 30 June basis.

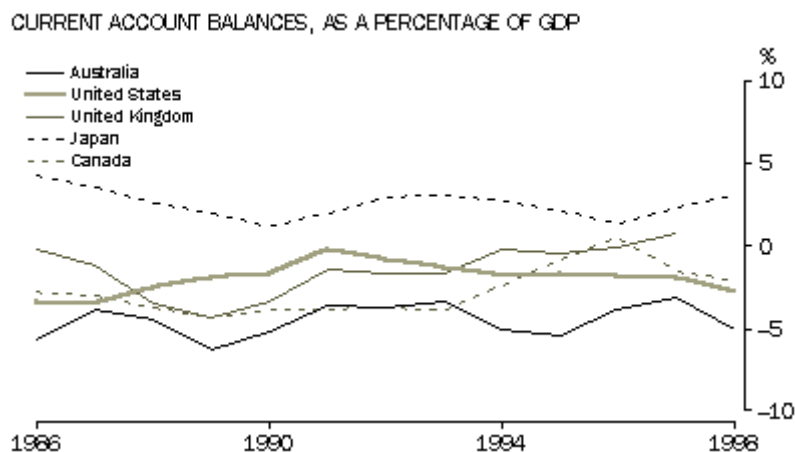
For the years selected, Australia, the USA and New Zealand are the only countries to record a current account deficit in each year. In contrast Japan is the only country selected in this comparison that has maintained surpluses throughout the period shown. A number of major industrial countries have recorded deficits in most years. Canada recorded deficits for all years except 1996; while the United Kingdom recorded surpluses only in 1985 and 1997. Italy recorded deficits in the late 1980s but from 1993 onward has been in surplus. Germany ran surpluses until 1990, but since reunification, has shown a deficit position from 1991.

Current account balances as a percentage of GDP for selected countries

In 1999, Australia's deficit on current account was -5.7% of GDP. Australia's ratio from 1985 is compared with the corresponding ratios for a selection of countries in table F1.

Of the three countries recording deficits for each of the 15 years shown in table F1, Australia's average ratio to GDP, at -4.7%, lies between the highest ratio, recorded at -5.5% for New Zealand, and the somewhat lower ratio recorded for the USA (-2.0%).

Current account balances, as a percentage of GDP



F1. INTERNATIONAL COMPARISON OF CURRENT ACCOUNT BALANCES (a)(b)

| Current account balances | Australia | USA | UK | Germany | France(c) | Italy(d) | Japan(e) | Canada | New Zealand | Republic of Korea |
|--------------------------|-----------|--------|-------|---------|-----------|----------|----------|--------|-------------|-------------------|
| 1985 | -9.2 | -124.5 | 3.3 | 17.6 | 0 | -4.1 | 49.2 | -4.8 | -2.7 | -0.8 |
| 1986 | -9.8 | -150.5 | -1.3 | 40.9 | 2.4 | 2.5 | 85.8 | -10.4 | -2.8 | 4.7 |
| 1987 | -8 | -166.5 | -8.1 | 46.4 | -4.4 | -2.6 | 87 | -12.4 | -2.9 | 10.1 |
| 1988 | -11.6 | -127.7 | -29.3 | 50.2 | -4.6 | -7.2 | 79.6 | -18 | -1.9 | 14.5 |
| 1989 | -18.3 | -104.3 | -36.7 | 56.7 | -4.7 | -12.8 | 57 | -23.8 | -1.5 | 5.4 |
| 1990 | -16 | -94.3 | -32.5 | 48.1 | -9.9 | -17 | 35.9 | -22.6 | -1.5 | -1.7 |
| 1991 | -11.2 | -9.3 | -14.3 | -17.7 | -6.5 | -24.7 | 68.2 | -22.2 | -1.2 | -8.3 |
| 1992 | -11.2 | -51.8 | -18.2 | -19.1 | 3.9 | -30.1 | 112.6 | -21.2 | -1.1 | -3.9 |
| 1993 | -9.8 | -85.3 | -16 | -13.9 | 9 | 8.3 | 131.6 | -21.8 | -0.7 | 1 |
| 1994 | -17.3 | -121.7 | -2 | -20.9 | 7.4 | 13.2 | 130.3 | -13 | -2.4 | -3.9 |
| 1995 | -19.6 | -113.6 | -6 | -18.9 | 10.8 | 25.1 | 111 | -4.3 | -3.1 | -8.5 |
| 1996 | -15.8 | -129.3 | -0.7 | -5.7 | 20.6 | 40 | 65.9 | 3.3 | -4 | -23 |
| 1997 | -12.6 | -143.9 | 10.3 | -1.5 | 39.5 | 32.4 | 94.4 | -10.3 | -4.8 | -8.2 |
| 1998 | -18.1 | -220.6 | -0.8 | -3.4 | 40.1 | 20 | 120.7 | -11.2 | -3.2 | 40.6 |
| 1999 | -22.4 | -301.6 | -17.4 | -4.2 | 38.8 | 12.2 | 113.4 | -6.3 | n.y.a. | 31.1 |
| Average | -14.1 | -129.7 | -11.3 | 10.3 | 9.5 | 3.7 | 89.5 | -13.3 | -2.3 | 3.3 |

Proportion of GDP

| | | | | | | | | | | |
|------|------|------|------|------|------|------|-----|------|-------|------|
| 1985 | -5.5 | -3 | 0.7 | 2.8 | 0 | -1 | 3.7 | -1.4 | -11.8 | -0.8 |
| 1986 | -5.7 | -3.4 | -0.2 | 4.6 | 0.3 | 0.4 | 4.3 | -2.8 | -9.9 | 4.4 |
| 1987 | -3.9 | -3.5 | -1.2 | 4.2 | -0.5 | -0.3 | 3.6 | -3 | -8 | 7.4 |
| 1988 | -4.5 | -2.5 | -3.5 | 4.2 | -0.5 | -0.9 | 2.7 | -3.7 | -4.3 | 8 |
| 1989 | -6.2 | -1.9 | -4.3 | 4.8 | -0.5 | -1.5 | 2 | -4.3 | -3.6 | 2.4 |
| 1990 | -5.2 | -1.6 | -3.3 | 3.2 | -0.8 | -1.5 | 1.2 | -3.9 | -3.4 | -0.7 |
| 1991 | -3.6 | -0.2 | -1.4 | -1 | -0.5 | -2.2 | 2 | -3.8 | -2.8 | -2.8 |
| 1992 | -3.7 | -0.8 | -1.7 | -1 | -0.3 | -2.5 | 3 | -3.7 | -2.7 | -1.3 |
| 1993 | -3.3 | -1.3 | -1.7 | -0.7 | 0.7 | 0.8 | 3.1 | -3.9 | -1.6 | 0.4 |
| 1994 | -5.1 | -1.7 | -0.2 | -1 | 0.6 | 1.3 | 2.8 | -2.3 | -4.7 | -1 |
| 1995 | -5.4 | -1.5 | -0.5 | -0.8 | 0.7 | 2.3 | 2.2 | -0.7 | -5.2 | -1.7 |
| 1996 | -3.9 | -1.7 | -0.1 | -0.2 | 1.3 | 3.3 | 1.4 | 0.5 | -6.1 | -4.4 |
| 1997 | -3.1 | -1.7 | 0.8 | -0.1 | 2.8 | 2.8 | 2.2 | -1.6 | -7.4 | -1.7 |

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